GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:171
ANSWERED ON:08.03.2001
OIL IMPORT BILL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the oil import bill is likely to touch Rs. 80,000 crores during the current fiscal year as against Rs. 54,000 crores during 1999-2000;

(b) if so, whether it is a fact that in the recent past, International crude oil prices have been increased and more than tripled in just one year, which have adversely affected the economy of developing countries;

(c) if so, whether the Government propose to take some steps in cooperation with other developing countries to extract concessions from the oil exporting countries; and

(d) if so, the details thereof?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 171 FOR 8.3 REGARDING OIL IMPORT BILL

(a): As per latest outlook, gross import bill for the year 2000-01 is estimated at around Rs. 80,000 crore. The net import bill for the current year is estimated to be around Rs. 71,000 crore as against Rs. 53,500 crore during the year 1999-2000.

(b): The crude oil prices in the international market increased by more than three times during the period February, 1999 to September, 2000. High and volatile international oil prices adversely affect the economy of oil importing developing countries.

(c) and (d): At the International Energy Forum meeting of oil producing and consuming countries held at Riyadh, Saudi Arabia from November 17-19, 2000, India made a suggestion to the effect that oil exporting countries should consider giving concessions to the developing countries in the form of discounts, deferred payments, soft credits etc. The suggestion was well received and the need to give special consideration to developing countries was appreciated. The matter was also taken up in the bilateral meetings with the oil exporting countries, including Saudi Arabia, Iran, Kuwait, UAE, Indonesia, Algeria, Nigeria and Qatar. All of them during the bilateral discussions were appreciative of the concerns of India and the developing countries and assured that they would ponder upon the suggestion at their own level and collectively. Subsequently on 14th December, 2000, a proposal was sent to the OPEC member countries containing the following:

(i) Extension of credit period to 90 days by the oil exporting company instead of the normal period of 30 days;

(ii) A price discount of 20% of the incremental price beyond and accepted crude price, say $ 25 per barrel; and

(iii) Deferred payment facility at LIBOR for a period of three years for incrementalamounts due to price increases beyond an agreed level, say $ 28 per barrel.

In response to the Indian proposal, Indonesia and Qatar have responded that India`s proposal may be considered at the next meeting of the Organisation of Petroleum Exporting Countries (OPEC) scheduled to be held in Vienna in mid - March, 2001.